

**ASSEMBLY BILL**

**No. 2588**

**Introduced by Assembly Member Sharon Runner**

February 24, 2006

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An act to add Article 6 (commencing with Section 12260) to Chapter 3 of Part 2 of Division 3 of Title 2 of the Government Code, relating to the Secretary of State.

LEGISLATIVE COUNSEL'S DIGEST

AB 2588, as introduced, Sharon Runner. Business entities: reinstatement.

Existing law requires that a business entity file with the Secretary of State a document, as specified, to effect its termination.

This bill would require the Secretary of State to reinstate a business entity to active status upon a court finding that factual representations in support of the termination document are materially false or the submission of the termination document for filing with the Secretary of State is fraudulent or upon other grounds warranting reinstatement of the business entity.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Article 6 (commencing with Section 12260) is
- 2 added to Chapter 3 of Part 2 of Division 3 of Title 2 of the
- 3 Government Code, to read:

Article 6. Reinstatement of Business Entities

12260. For the purposes of this article, “termination document” means the certificate or other document required by the Corporations Code that is the last certificate or document filed with the Secretary of State to effect the final dissolution, surrender, or cancellation of the business entity.

12261. The Secretary of State shall reinstate to active status on its records, a business entity for which a court finds any of the following:

(a) The factual representations by a shareholder, member, partner, or other person that are required for the termination document are materially false.

(b) The submission of the termination document to the Secretary of State for filing is fraudulent.

(c) Other grounds exist warranting reinstatement of the business entity.

12262. If the Secretary of State determines that the name of a business entity that has been ordered by a court to be reinstated creates a conflict under subdivision (b) of Section 201, subdivision (b) of Section 5122, subdivision (c) of Section 7122, subdivision (b) of Section 9122, subdivision (b) of Section 12302, subdivision (c) of Section 15612, or subdivision (c) of Section 17052 of the Corporations Code or any related statute, the reinstatement shall be subject to the business entity filing an amendment to change its name to eliminate the conflict.

12263. Nothing in this article authorizes a court to order that any records of the Secretary of State be expunged. The Secretary of State shall file a certified copy of the order of the court reinstating the business entity with the records of the business entity, and the reinstatement shall be effective on the date the Secretary of State files the order. The Secretary of State shall notify the Franchise Tax Board of the reinstatement of the business entity.